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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Q 35652

(Mark One)

92-2265

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

PROCESSED BY
31-10-X
MAY 18 1992

Commission File Number 0-15386

CERNER CORPORATION
(Exact name of registrant as specified in its char...

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Delaware
(State or other jurisdiction of incorporation or organization)

C38

43-1196944
(I.R.S. Employer Identification Number)

2800 Rockcreek Parkway, Suite 601
Kansas City, Missouri 64117
(816) 221-1024
(Address of Principal Executive Offices, including zip code; registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) with the Commission, and (2) has been subject to such filing requirements for the past 90 days.

Yes X No__

There were 6,343,652 shares of Common Stock, $.01 par value, outstanding at March 31, 1992.

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CERNER CORPORATION AND SUBSIDIARIES

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CERNER CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands)	March 31, 1992 (Unaudited)	December 31, 1991
Assets		
Current Assets:		
Cash and short-term investments	$ 10,383	$ 8,694
Receivables	24,689	29,304
Inventory	1,806	1,454
Prepaid expenses and other	704	279
Total current assets	37,582	39,731
Property and equipment, net	7,159	6,412
Software development costs, net	9,884	9,482
Other assets	530	530
	$ 55,155	$ 56,155
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 5,868	$ 11,053
Notes payable	273	-
Current installments of long-term debt	803	438
Customer deposits and advanced billings	3,458	2,248
Accrued income taxes	1,317	1,218
Payroll tax withholdings and accrued expenses	3,007	2,186
Total current liabilities	14,726	17,143
Long-term debt, net	7,828	7,982
Deferred income taxes	3,513	3,513
Stockholders' Equity:		
Common stock, $.01 par value, 20,000,000 shares authorized, 6,856,670 shares issued in 1992 and 6,830,556 issued in 1991	69	68
Additional paid-in capital	16,924	16,812
Retained earnings	17,818	16,362
Treasury stock, at cost (513,018 shares in 1992 and 1991)	(5,693)	(5,693)
Foreign currency translation adjustment	(30)	(32)
Total stockholders' equity	29,088	27,517
	$ 55,155	$ 56,155

See notes to consolidated financial statements.

CERNER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share data)

	Three Months ended March 31,	
	1992 (Unaudited)	1991 (Unaudited)
Revenues:		
System sales	$ 13,539	$ 13,344
Support and maintenance	6,076	4,519
Other	558	459
Total revenues	20,173	18,322
Costs and expenses:		
Cost of revenues	9,050	10,209
Installation and client service	3,547	2,619
Selling and marketing	1,595	1,422
Software development	2,125	1,555
General and administrative	1,427	997
Total costs and expenses	17,744	16,802
Operating earnings	2,429	1,520
Interest expense, net	81	137
Earnings before income taxes	2,348	1,383
Income taxes	892	519
Net earnings	$ 1,456	$ 864
Primary earnings per share	$ .21	$ .13
Primary weighted average shares outstanding	7,021	5,512
Fully diluted earnings per share	$ .21	$ .13
Fully diluted weighted average shares outstanding	7,073	6,618

See notes to consolidated financial statements.

CERNER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Three Months Ended March 31,	
	1992 (Unaudited)	1991 (Unaudited)
Cash flows from operating activities:		
Net earnings	$ 1,456	$ 864
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,084	846
Issuance of stock as compensation	5	11
Changes in assets and liabilities:		
Receivables	4,615	(5,624)
Inventory	(352)	(1,151)
Prepaid expenses and other	(425)	540
Accounts payable	(5,185)	5,958
Accrued income taxes	99	(43)
Deferred taxes	-	(587)
Other accrued liabilities	2,031	372
Total adjustments	1,872	322
Net cash provided by operating activities	3,328	1,186
Cash flows from investing activities:		
Purchase of capital equipment	(951)	(397)
Capitalized software development costs	(981)	(1,316)
Net cash used in investing activities	(1,932)	(1,713)
Cash flows from financing activities:		
Net borrowings under short-term notes payable	273	112
Proceeds from issuance of long-term debt	3,146	2,781
Repayment of long-term debt	(3,236)	(2,981)
Proceeds from exercise of options	108	-
Net cash provided by (used in) financing activities	291	(88)
Foreign currency translation adjustment	2	-
Net increase (decrease) in cash and short-term investments	1,689	(615)
Cash and short-term investments at beginning of period	8,694	7,056
Cash and short-term investments at end of period	$ 10,383	$ 6,441
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 156	$ 231
Income taxes, net of refund	786	297
Non-cash financing activities:		
Aquisition of equipment through capital leases	301	143

See notes to consolidated financial statements.

CERNER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Interim Statement Presentation

The consolidated financial statements included herein have been prepared by the Company without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10-K.

In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position at March 31, 1992 and December 31, 1991 and the results of operations and cash flows for the periods presented. The results of the three month period is not necessarily indicative of the operating results for the entire year.

The Company adopted the provisions of Statement of Position 91-1 (SOP 91-1), "Software Revenue Recognition" in the fourth quarter of 1991 and, pursuant to the provisions of SOP 91-1, the consolidated statements of earnings and cash flows for the three months ended March 31, 1991 have been restated to retroactively apply these new accounting principles.

On April 8, 1992, the Company's Board of Directors announced a two for one stock split payable in the form of a 100 percent stock dividend to stockholders of record on April 20, 1992. The par value of the additional 3,171,826 shares of common stock issued in connection with the stock split was credited to common stock and a like amount charged to additional paid-in-capital. All share and per share data have been restated for all periods presented to reflect the stock split.

(2) Earnings Per Share

Net earnings per share for the three months ended March 31, 1992 and 1991 is based on the weighted average number of common shares and common share equivalents outstanding during those periods. Common share equivalents consist of shares issuable upon exercise of stock options and warrants using the treasury stock method.

(3) Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operation

System sales revenues for the three month period ended March 31, 1992 increased 1.5% over the same prior year period. Placements of PathNet laboratory systems have continued to be stronger over the last nine months and the demand for Cerner's RadNet radiology and PharmNet pharmacy systems continues to increase. These systems, as well as HNA and international contracts, contributed to the system sales revenues in the first quarter of 1992.

Support and maintenance revenues for the first quarter of 1992 increased 34% over the same prior year period due primarily to the increase in the Company's installed and converted client base. Other revenues as a percentage of total revenues were 3% in each of the first quarters of 1992 and 1991.

The profit margin percentage for the first quarter of 1992 was 55% compared to 44% for the first quarter of 1991. Revenues during the first quarter of 1992 included a large percentage of licensed software fees with no related direct costs. Contracts signed in the second half of 1991 and the first quarter of 1992 were at margin percentages higher than historical levels.

Total operating expenses for the three month period ended March 31, 1992 increased 32% over the same prior year period due primarily to increases in the number of employees and employee related expenses. The increase in the number of employees is due to the Company's expanding client base and continued development of clinical information systems.

Net interest expense was lower in the first quarter of 1992 compared to the same period in 1991. The Company refinanced a long-term note payable at a lower interest rate. Also, borrowings against the Company's short-term line of credit for financing contract receivables were lower during the first quarter of 1992 compared to 1991.

The Company's quarterly revenues and net earnings have historically been variable and cyclical. The variability is attributable primarily to the number and size of system sales in any fiscal quarter. The Company expects fluctuations in quarterly financial results to continue until the combination of the Company's recurring software and hardware maintenance revenues and total sales are much larger as compared to the size of the average system sale.

Capital Resources and Liquidity

The Company's liquidity position remains strong with total cash and short-term investments of $10,383,000 at March 31, 1992. The Company finances its operations, capital expenditures and working capital needs from internally generated funds and bank borrowings. The Company has a $10,500,000 long-term, revolving line of credit and a $8,000,000 line of credit for contract financing. At March 31, 1992, approximately $7,863,000 had been drawn under the long-term, revolving line of credit and approximately $273,000 had been drawn under the contract financing line of credit. The Company believes its present cash and short-term investment position together with cash generated from operations and the current bank borrowing facility will be sufficient to meet anticipated cash requirements.

Part II. Other Information

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

Exhibit 10	Amendment No. 2 to Commercial Lease Agreement, dated January 27, 1992, between Northtown Devco and Registrant
Exhibit 11	Computation of Earnings Per Share

(b) Reports on Form 8-K

No reports on Form 8-K were filed by the Company during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CERNER CORPORATION
Registrant

May 14, 1992
Date

By: Maureen M Evans
Maureen M. Evans
Treasurer and
Chief Financial Officer

EXHIBIT 10

LEASE AMENDMENT NO. 2

THIS AMENDMENT NO. 2 TO COMMERCIAL LEASE AGREEMENT made and entered into this 20th day of February,, 1992, by and between NORTHTOWN DEVCO, a Missouri General Partnership, having its office c/o Leo Eisenberg & Co., Inc., 1101 Walnut Street, Suite 800, Kansas City, Missouri, hereinafter called "Lessor", and CERNER CORPORATION, a Delaware corporation, having its office at Suite 601, Rockcreek IV Office Building, North Kansas City, Missouri, hereinafter called "Lessee".

W I T N E S S E T H:

WHEREAS, heretofore, under date of March 28, 1990, Lessor and Lessee did enter into that certain Commercial Lease Agreement (hereinafter referred to as the "Lease"), which was later amended by Amendment No. 1 dated June 25, 1990 to include the following described lease space:

A. That certain office building known as Rockcreek III, having an address of 2702 Rockcreek Parkway as shown on the floor plans marked as Exhibit A-1, A-2 and A-3, attached hereto and incorporated herein by reference remains the same and consists of 46,617 square feet; and

B. That certain office building known as Rockcreek IV, having an address of 2800 Rockcreek Parkway as shown on the floor plans marked as Exhibit B-2, B-3, B-4, B-5 and B-6, attached hereto and incorporated herein by reference, consisting of 60,652 square feet.

WHEREAS, it is the desire of the parties hereto to modify said Lease to increase the leased space in the Rockcreek IV Office Building by an addition of thirteen thousand six hundred eighteen (13,618) square feet, (hereinafter referred to as the "additional leased premises"), increasing the total leased premises in Rockcreek IV to seventy four thousand two hundred seventy (74,270) square feet, and accordingly, to change the monthly rental for the said leased space.

NOW, THEREFORE, in consideration of the premises and One Dollar ($1.00) in hand paid to each of the parties by the other, the Lessor and Lessee do agree to the following amendments to said Lease:

1. As of March 1, 1992, the Lease shall cover one hundred twenty thousand eight hundred eighty seven (120,887) square feet composed of that leased space described as follows:

A. That certain office building known as Rockcreek III, having an address of 2702 Rockcreek Parkway as shown on the floor plans marked as Exhibit A-1, A-2 and A-3, attached hereto and incorporated herein by reference, consisting of 46,617 square feet; and

B. That certain office building known as Rockcreek IV, having an address of 2800 Rockcreek Parkway as shown on the floor plans marked as Exhibit B-1, B-2, B-3, B-4, B-5 and B-6 attached hereto and incorporated herein by reference, consisting of 74,270 square feet.

2. Paragraph III, entitled "Rental", is deleted in its entirety, and the following new Paragraph III is inserted in its place:

III. Rental: Effective March 1, 1992, the basic rental for the premises shall be payable in monthly installments, without deduction or set off, in the following amounts during the following periods:

PERIOD	R/C III	EXISTING R/C IV	ADD'L. 13,618 S/F R/C IV	TOTAL RENT
3/1/92-4/30/92	$34,962.75	$56,103.10	$11,348.33	$102,414.18
5/1/92-1/31/93	38,847.50	56,103.10	12,483.17	107,433.77
2/1/93-4/30/93	38,847.50	55,597.67	12,483.17	106,928.34
5/1/93-4/30/94	42,732.25	55,597.67	12,483.17	110,813.09
5/1/94-4/30/95	42,732.25	55,597.67	12,483.17	110,813.09

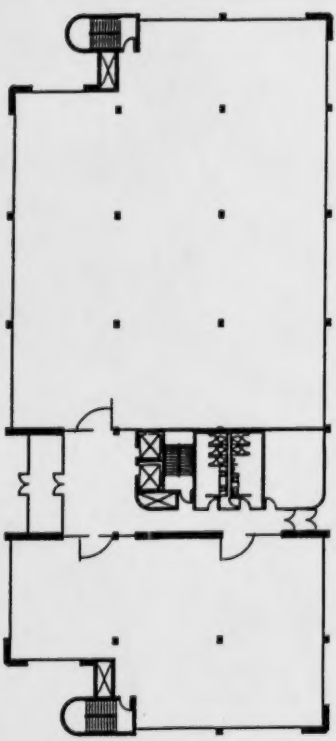
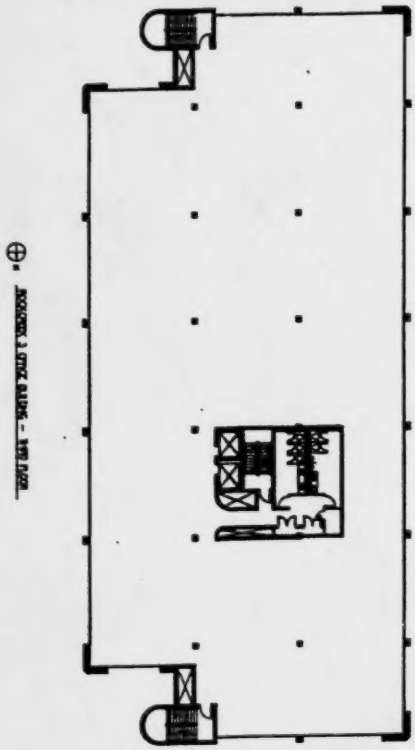


EXHIBIT "A-1"

Cerner Corporation
Rockcreek III

13,985 square feet



THIRD FLOOR

EXHIBIT "A- 3"

Carmer Corporation
Rockbrook III

18,310 s.f.

EXHIBIT "B-2"

Corner Corporation
Rockcreek IV

6,972 square feet

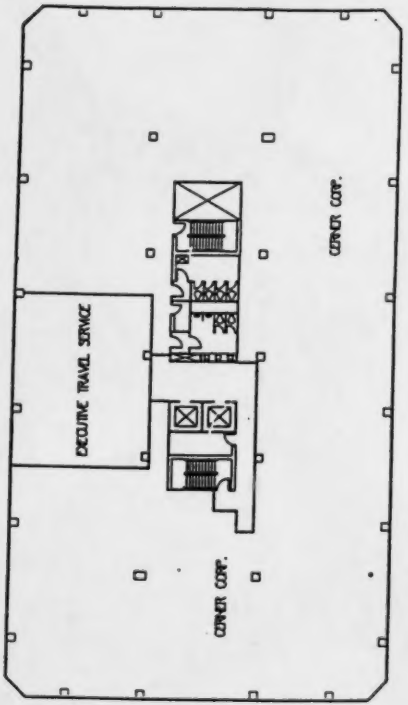


EXHIBIT "B-4"

Cerner Corporation
Rockcreek IV

14,392 square feet

EXHIBIT "B-6"

Cerner Corporation
Rockcreek IV

17,282 square feet

Exhibit 11

CERNER CORPORATION AND SUBSIDIARIES

COMPUTATION OF EARNINGS PER COMMON SHARE

	Three Months Ended March 31,	
	1992	1991
Net earnings:	$ 1,456,000	$ 864,000
Weighted average number of common and common stock equivalent shares:		
Weighted average number of outstanding common shares	6,332,956	6,287,842
Dilutive effect (excess of number of shares issuable over number of shares assumed to be repurchased with the proceeds of exercised options and converted warrants based on the average market price during the period)	687,702	224,648
	7,020,658	6,512,490
Earnings per common and common stock equivalent shares:	$ .21	$ .13
Weighted average number of common and common stock equivalent shares, assuming full dilution:		
Additional dilutive effect (reduction in number of shares assumed to be repurchased with the proceeds of exercised stock options and converted warrants based on the end of the period market price of the stock, if higher than the average price)	52,008	105,956
	7,072,666	6,618,446
Earnings per common and common stock equivalent shares assuming full dilution:	$ .21	$ .13